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# *Centre for Indigenous Governance and Development*



## **Remittances:**

An Informal but Indispensable Form of  
Income for Seafarer Families in  
Kiribati

Maria Borovnik



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Centre for Indigenous Governance and Development  
Level 3, Geography Building  
Turitea Campus  
Massey University  
Palmerston North  
New Zealand

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Remittances: an informal but indispensable form of income for seafarer families in Kiribati

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## Abstract

This paper discusses the distribution of remittances to Kiribati by looking at the socio-cultural elements of people and how these are linked to strategic-economic decision-making when remittances are received by families. Being employed on foreign merchant or tuna vessels has great economic advantages for Kiribati. One of the main advantages is that overseas employment is one of few employment alternatives for the working age population in Kiribati. Remittances sent back serve not only as safety nets for seafarer families, but people benefit through informal channels of distribution. It will be shown in this paper that and how remittances have led to better living conditions for families in Kiribati, increased cash flow and some investment. On the outer islands, however, remittances are often the only cash contribution for some families and are mainly used for basic needs and community contributions.

## Acknowledgements

Data in this paper has been collected through mainly qualitative methods used in fieldwork for my PhD thesis in 1999 and has been updated during a second short period of time in Kiribati in 2004. My gratitude goes to the Government and organizations such as the Marine and Fisheries Training Centre, the South Pacific Marine Service and the Kiribati Fishermen Services in Kiribati and the Bank of Kiribati that supported my research on seafarers. I would like to thank my interview participants for their patience and willingness to talk about financial questions. Thanks also go to the Department of Geography of the University of Canterbury that supported my fieldwork during 1999, and to Ueantabo Neemia Mackenzie, former director of the Macmillan Brown Centre for Pacific Studies for his great support. I am very thankful for the tireless effort and excellent and critical feedback of my supervisor panel Professor Eric Pawson, Professor Peter Hempenstall and Dr Doug Johnston. Finally, I would like to acknowledge Chris Chamberlin and his team during a World Bank mission to Kiribati in 2004, for having given me the opportunity to participate. Some data in this working paper will be used for publication in *Asia Pacific Viewpoint* in 2006.

## Biographical Note

Dr Maria Borovnik's research interests are in the articulations and strategies surrounding mobile livelihoods. Enthusiasm for mobility issues in combination with development studies began during her postgraduate studies in Human Geography, and was intensified during fieldwork for a PhD degree in Kiribati on seafarers going on international merchant and fishing ships, as well as their families and employers. With subsequent travels to Kiribati and the Marshall Islands she became involved in analysing aspects of social safety and social policies in these countries. Her current research encloses issues in transnational space, ocean space and concern and interest in the sustainable social practices, identities and environments of people from the Pacific and Asia.

## Introduction

Mainly as a consequence of having a scarce natural resource base, Kiribati's population lives at an economic subsistence level; only an estimated 23 per cent or approximately 9,200 of the total adult population are in regular paid work (ADB 2002). Two thirds of the work force is employed by the Kiribati government and currently about 14 per cent are seafarers working on German merchant ships and Japanese fishing vessels. Income from remittances is thus an important contribution to the Kiribati economy.

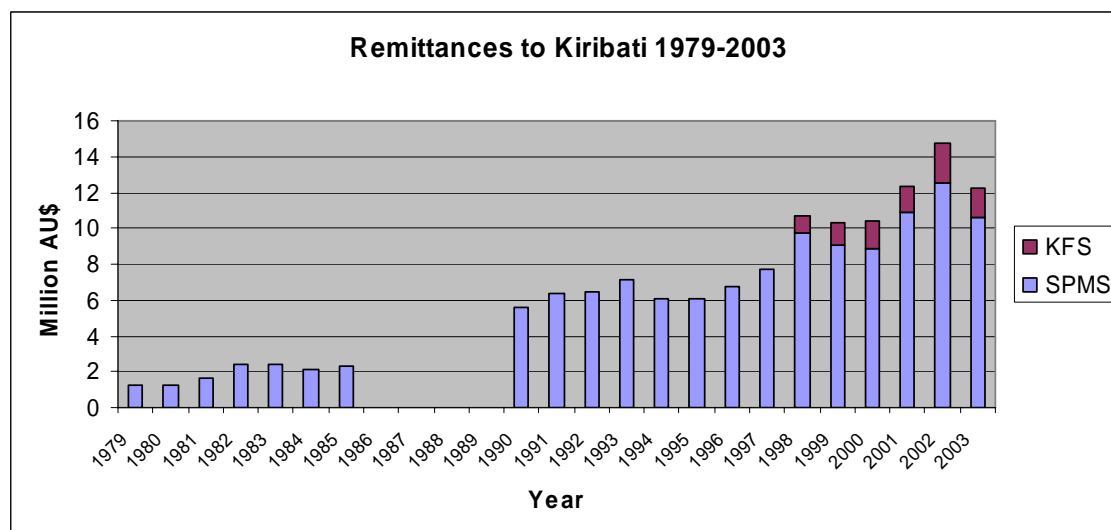
Remittances have grown by a factor of almost ten between 1979 and 1998, from A\$1.3 million to A\$9.7 million. The total remitted amount sent in 2003 was A\$12,291 million dollars, with A\$10,613 million dollars coming from the German merchant shipping employment company South Pacific Marine Service (SPMS) and A\$1,678 million dollars from the Japanese-established, I-Kiribati-managed Kiribati Fishermen Services (KFS) company (*see figure 1*). These are "official" remittances sent through formal channels; if informal remittances are added the estimated amount sent to Kiribati would be higher. A study undertaken by NZAID (2003: 14) suggests that remittances 'only represent 75% of disposable income', and that 'another 13% on average can be added to remittances by accounting for end-of-contract payments to seafarers and cash amounts that they bring into the country'.

For example, on top of the A\$10.75 million remittances officially received in 1998, A\$0.913 million was gained from merchant seafarers end of contract payments and A\$1.35 million was paid in cash (unpublished SPMS data 1999). Therefore the total amount of monies remitted back to Kiribati from seafarers in 1998 was almost A\$13 million dollars. Even then this figure does not include surplus pay from seamen on Japanese boats and commodities that seafarers bring back, such as stereos, television sets, fishing nets, kitchen tools, generators, CB radios, jewellery and so on (Borovnik 2003).

Because of Kiribati's cultural background of sharing money amongst members of the extended family and communities, remittances are a significant source of income not only for seafarers' family members, but for a network of people who indirectly benefit from the seamen's income. Although seafarers are obliged to send remittances and share their income, they have, however, a great deal of control on how much they send and how the money is spent. Initially this paper

will explore how remittances are received and shared and will then explore the role of seafarer employment and remittances in an economy with almost no employment alternatives. Finally some of the effects of the circulation of seamen between shipboard work and Kiribati will be discussed, factors that have consequences for future planning in Kiribati.<sup>1</sup>

**Figure 1: Remittances to Kiribati 1979-2003**



Remittances from Seafarers to Kiribati between 1979 and 2003. Sources: SPMS Data, 1999 (unpublished); KFS data, 2004 (unpublished) Ministry of Finance, 1987, table 16.5, p.271<sup>2</sup>

## The distribution of remittances to families and communities

Remittances sent from seamen directly to families are one mechanism for the wide distribution of monetary wealth to the seafarers' extended families: this is done through either special requests (*bubuti*) or by contribution to communities and families on special occasions (*botakis*). Special requests can be made either directly to a seaman or indirectly by requests to his wife or a parent. While the transfer of remittances provides a seafarer's family with a regular income during the time he is abroad (which is interrupted during his breaks of between two weeks up to several months), special requests function directly to meet sudden needs.

<sup>1</sup> Data in this paper has been collected through mainly qualitative methods used in fieldwork for a PhD thesis in 1999, and has been updated during a second short period of time in Kiribati in 2004.

<sup>2</sup> No data available for the years 1986 to 1990; KFS data only available since 1998 see also Borovnik and Chamberlin (2004)



Remittances sent to parents or wives differ, and parents usually receive more money when their son is not married, while after marriage wives receive larger amounts. The mode of a sample of 34 wives interviewed during fieldwork in Kiribati in 1999 showed remitted values between A\$101-200 while the mode of the sample of 37 parents showed remitted values of A\$100 and below. The money that wives receive, however, will often be passed on to the in-law mother or father. In some cases different people in the household manage the money and in this case most of the remittances received by wives will be used for the household's basic needs (Borovnik 2003).

A study on Pacific Island seafarers undertaken by the Secretariat of the Pacific Community (SPC) in 2003 demonstrates that the number of people that are supported by seafarers' wages can extend those that live in the seafarer's immediate household. In this sample, the mean for numbers of people living in one home was 8.5 people, and the maximum was 46 people (Dennis 2003: 28). The largest number of people supported by one seafarer's wage was 25. The SPC found a mean of 6 people benefiting from one seaman's remittances but seven seamen out of 43 in the sample supported more than the number living in one household. Another study, done by a team of experts from the New Zealand Agency for International Development (NZAID 2003: 15), suggests that the contribution of remittances to the extended family system can be expected to support at least three families with an average of 5 persons per family. The estimation of this study was that about 17% of the Kiribati population benefits from remittances.

Remittances seem to be sent in preference to South Tarawa, although there is a chance that indirectly, through special requests (*bubuti*)<sup>3</sup> from the outer islands, more money than officially recorded reaches the outer islands. Many families, especially those living in rural areas with hardly any cash income alternatives, little development opportunity, infertile soils unsuited for agricultural production other than copra, and handicapped by the long distances to markets rely heavily

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<sup>3</sup> The *bubuti* system in Kiribati is deeply imbedded in society and functions as a family based welfare arrangement ensuring relative socio-economic equality between family members. Those with surplus are required to share their goods as soon as asked for by family members in need. When using *bubuti*, or in other words a 'non-refusable request', the giving family is under socio-cultural obligation of following up the request under all circumstances. It is expected by the asking part of the family to only make reasonable requests. This system has worked as a positive social force in non-monetary society, but can be slightly problematic with increased capitalist influences to Kiribati (which will be discussed below). Notwithstanding we must acknowledge the positive sides of the *bubuti* system. *Bubuti* continues to be one articulation of deeply ingrained values of fairness and equality in the I-Kiribati people and society.

on remittances. Money is most likely spent directly on basic needs without any further investment (Taylor 1999, Connell and Conway 2000, Glytsos 2002, Thomas-Hope 1999). This applies particularly to the outer islands in Kiribati, where most interview partners explained that they used all money for basic needs, food and clothes and if there was anything left it was saved for *botakis* (community feasts), where seafarer families especially are expected to contribute money. Money and goods, although sent to individual family members, are passed on to the community or village of an island either through *botakis*, or through church fundraising activities<sup>4</sup>. Because of these formal and informal distribution systems seafarers' remittances benefit a wide range of people in the extended family, village and church communities with the potential to increase the well-being and quality of life for whole communities (Borovnik 2000: 316; Borovnik 2003).

## Underemployment in Kiribati and the role of remittances

Underemployment is one of the most severe obstacles in the Kiribati economy affecting the wellbeing and socio-economic development of the Kiribati population. Only about 23% (9,200) of the adult population is in paid employment with two thirds of these working in government related employment (16% of the labour force). Only 450-500 jobs become available for 1,700–2000 school leavers every year (ADB 2002). Unemployment schemes for people in Kiribati do not exist since employment for public services are stable and limit the opportunities to develop unemployment programs. The Government's target is to provide a maximum number of public servant positions (47%) rather than paying out unemployment insurance. There is also a large state owned business sector of 21%, thus the total Government sector employment opportunities are 68% of the maximum. This is in comparison to a relatively low developed private sector of 25% with employment in Churches making up the remaining 7% (ADB 2002: 104, figure 5.2). Most employment opportunities other than those in the Government sector are linked to seafaring. There are currently 976 trained merchant seafarers employed through the agency of SPMS (and a further 400 registered, but without current wage employment). Trained seafarers working on fishing vessels (pole and line, purse seining, long line vessels) are employed

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<sup>4</sup> *Botakis* are organised usually by families for special occasions, but there are also community *botakis* organised by schools or more often by church communities. Families that belong to these communities usually bring food and are expected to contribute money towards the community when it is known that they have monetary income. This way, remittances reach not only extended family members (as within the *bubuti* system), but become beneficial for the communities as well.

through the agency of KFS (currently 344). Currently about 40 untrained seafarers on fishing vessels (South Korea, US) are employed through the Ministry of Labour. Approximately 20 trained merchant seafarers and women are employed through a private Kiribati agency in catering on the Norwegian Cruise Liners (NCL) (Borovnik and Chamberlin 2004). Outside the seafaring trade an estimated 2,300 people are employed in private sector construction through Councils, funded by Councils or Aid projects (ADB 2002: 131, table 6.3). In addition, New Zealand Immigration allows a limited permanent residence agreement for 75 unskilled I-Kiribati. The New Zealand programme appears to be an open residence rather than a direct work programme.

An estimated number of 100 I-Kiribati were still in Nauru in 2004, but corruption in Nauru has had the consequence of non-payment of most workers, thus remittance contributions from these workers are not expected. The Asian Development Bank (ADB) (2002: 44) reported that there were more than 200 workers in Nauru, but during 2004 many of these have returned to Kiribati.

The above list of employment opportunities shows clearly that overseas employment, and especially the seafaring occupations, are significant means by which Kiribati generates foreign income. Furthermore, the ability of seafarers working on international vessels to send remittances to their families is, although informal, one of the most important means for families and communities to be provided with cash. Furthermore, remittances function as a social safety net for large groups of extended families as well as benefiting wider communities and non-relatives to some extent. People with particularly low income options on the outer islands benefit by the regular small amounts or irregular larger amounts of money remitted, allowing them to cover their basic needs and emergency requirements.

Remittances are used for items such as general consumption, for school fees and where families are able to save some of the money these have been invested into brick houses and small stores. Taylor (1999, 70) regards the building of brick houses as an investment, because it improves the security and quality of family life. The advantage of a brick house is that it will save maintenance work, especially for women, since roof patches do not have to be replaced anymore. They also seem to be more secure for women who live on their own, which is increasingly the case with seafarers' wives. In Tarawa an advantage of the

modern housing is that the tin roofs of brick houses will conserve water in rain water tanks, another luxury investment.

Small businesses are supported by the financial investments of seafarers in building materials and stock, although the day to day management of businesses is by parents, wives or retired seafarers. Egalitarian values however, expressed through the *bubuti* system whereby family members ask for things they need, can hinder the development of a successful business, for example when people ask family members for credit instead of buying goods. It has been observed that there is now a tendency for people to understand monetary values and to distinguish these from traditional values of sharing goods. Thus there is an increasing shift towards monetary values in Kiribati which increases the perceived importance of a cash income. (Borovnik 2003; ADB 2002).

## Some concerns

Seafarers work apart from their families for financial reasons and they are separated from their families for up to two years. Separation from families combined with the hard work on board foreign ships causes emotional problems for many seamen. The SPMS claims, for example, that there is an under-capacity of currently 976 I-Kiribati seamen onboard ships.<sup>5</sup> This number could be increased by up to 3000 potential employed I-Kiribati onboard the SPMS shipping companies if issues related to binge drinking on board ship were eliminated and the consumption of alcohol occurred in a more controlled manner. Similar problems are reported by the Kiribati Fishermen Services (KFS), the employment agency responsible for employment on Japanese pole and line, long line and purse seiner vessels. High dismissal rates, many of which directly related to alcohol abuse resulting in violence, including fighting, and poor work performance, have begun to threaten future employment chances for men from Kiribati (Borovnik and Chamberlin 2004). This is of great concern for the Kiribati Government, considering the strong competition in the shipping industry that are able to draw on large pools of workers from countries such as the Philippines, Indonesia, China or Eastern European countries – labour pools willing to work for low wages. An increase in alcohol over-consumption on board ships also can lead to an increase in the transmission of sexual transmitted diseases, such as HIV/AIDS which is already of concern in Kiribati.

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<sup>5</sup> Interview with SPMS manager 27/08/2004

The time seamen are able to spend at home is often comparably short, for example men employed by the KFS working on Japanese pole and line vessels spend no longer than two to three weeks at home. Separation from their families can lead to distress between partners, but also between seafarers' wives and their in-law families, as they share living spaces without the seafarer present to mediate. One of the major problems that seafarers and their families on the outer islands face is the long distance to the urbanised capital of Kiribati, South Tarawa, while the transport system, especially to the more remote outer islands, is poor. Seafarers, when returning to Kiribati for a holiday, often have to spend several days, sometimes weeks on South Tarawa, before they are able to set out for their home islands. Seafarers with particularly short holidays may have to spend their entire break on South Tarawa. As a consequence wives, sometimes together with parents of seafarers, settle either temporarily or permanently in South Tarawa.

Often most of the remitted goods and money brought back by seafarers does not reach families living on outer islands, but are requested (via *bubuti*) from extended relatives accommodating freshly returned seamen on South Tarawa. Parents lose control over remitted goods from sons when they do not use a strategy against the *bubuti system*. One strategy is that a family member of authority, for example a father, travels to Tarawa in order to meet his son at the airport. Because of the father's presence relatives will feel more reluctant to ask for things although requests still occur. In order to avoid losing significant amounts of income parents support their sons' attempts to purchase or to lease land and to build a house on Tarawa. Owning property decreases dependency on their relatives and as a consequence, obligations to relatives are smaller and more privacy is possible. A second important reason for families to settle on urban South Tarawa is the future education of a family's children. The leading secondary schools are located on South Tarawa and all tertiary facilities, including the Marine Training Centre, The Fisheries Training Centre, the Teachers Technical Institute, and the Nursing School are all located there.

The increased settlement of seafarer families on South Tarawa adds to the stream of internal migration from outer islands to the urbanised centre. More and more younger people who initially resided on Tarawa to complete their school education stay in order to find employment. Jones (1995), however, predicts that retired government workers can be expected to return to their home islands in the long term. Returning migrants from Nauru's Phosphate mines also tend to settle

temporarily on Tarawa. Unlike migrant workers on Nauru who could take their families abroad during their contracts (Connell 1983), seafarers are in a situation where they cannot live with their families aboard ships and thus depend on maintaining their relationships during their short holiday times. These circumstances and their ability to buy land and build houses contribute to the increasing transfer and settlement of seafarer families in Tarawa. It is unlikely that this trend will decline in the long term. Urbanisation has caused social, environmental and health problems some of which are discussed in detail in Connell and Lea (1998, 1999) and in Hunt (1996).

## Conclusions

Being employed on foreign merchant or tuna vessels has great economic advantages for Kiribati. One of the main advantages is that overseas employment is one of few employment alternatives for the working age population in Kiribati. Remittances sent back serve not only as safety net for seafarer families, but through informal channels of distribution they benefit a large group of people inside and outside the extended families. It has been discussed that the culturally imbedded social security system of *bubuti* is used by I-Kiribati family members in times of sudden need, and remittances may flow through this system. Remittances have led to better living conditions for families in Kiribati, increased cash flow and some investment. On the outer islands they are often the only cash contribution for some families and are mainly used for basic needs and community contributions.

The seafaring occupation does, however, have problematic outcomes. Stress arising from long separation from families can result in binge drinking and some of the consequences may result in severe health problems. Moreover, increased alcohol problems on board ship decreases chances for the *I-Kiribati* to maintain their employment opportunities, which is of enormous concern when competition from the Asian and Eastern European region is considered. Furthermore, the originally helpful *bubuti* system can be overused by some family members which results in family strategies to prevent more requests. Short holiday times exacerbate already existing problems of over migration to the urban centre of South Tarawa and the resulting social and environmental problems of urbanisation and overpopulation.

This paper has dealt only briefly with some of these concerns. It is important to realise that seafarers' remittances are essential to the Kiribati economy that has currently no viable employment alternatives. The positive effects such as contribution to the national income, increased quality of life, and increased economic ability for the future investments of families must be regarded as greater than the negative effects.

The attempt in this paper was to show the strong links between socio-cultural and economic elements in the life of people in Kiribati. Remittances research should not concentrate only on economic factors. The main implications for the research on remittances in the Pacific are that we must carefully take all aspects of family lives into account and acknowledge that society, environment and economy are closely linked in Pacific Island countries. There is need for more qualitative fieldwork among people affected by seafaring employment in countries in the Pacific, by considering the different work environments of employment on fishing and merchant vessels, and the influence of the variety of cultures onboard.

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# Remittances: an informal but indispensable form of income for seafarer families in Kiribati

Borovnik, Maria

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